

what the President is proposing we do as a nation.

We are going to have the biggest budget deficits in the history of America this year. The President's answer is, increase spending and cut the revenue. That might make sense as a short-term measure. That might make sense for the moment to give a lift to the economy. The President is not proposing this as a short-term measure. He is proposing increasing spending and cutting revenue over the entire next decade and beyond, driving us deeper into deficit, deeper into debt, right at the time we know the baby boomers are about to retire.

This is the record on job growth of this administration compared to previous administrations. We can see in every previous administration we have had positive records of job growth. In this administration, we have had negative job growth. This plan is not working.

I said at the beginning I would talk about the latest numbers we have seen on revenue, and they are truly alarming. We have just received the results of the first 7 months of this year in terms of the revenue. What we are finding is that revenue is running \$100 billion below the forecast for the first 7 months of the year. We already have a projection of record budget deficits, the biggest in the history of the country. Now we learn that in the first 7 months the revenue is running \$100 billion below the forecast. That means, obviously, the deficits will be \$100 billion higher if those trends continue. All of us hope they do not, all of us hope they are reversed, but if they do continue, here is what we see: Revenues, as a percentage of our national income, as a percentage of our gross domestic product, are headed toward the lowest level since 1959.

Remember, 3 years ago revenue was at the highest level we have had since 1969. In fact, the President used that as a reason to have a big tax cut. Remember? He said revenue is coming in at a higher rate as a percentage of our national income, as a percentage of our gross domestic product, as it has been since 1969—I think he used since 1970 at the time in making the argument. And so he said: We have to cut taxes.

Guess what. Now the revenue is going to be the lowest it has been since 1959, and his answer is cut taxes some more, increasing spending and cutting taxes. This is a prescription for deficits that are deep and abiding and that will fundamentally hurt this economy. That is what Chairman Greenspan is telling us. That is what 10 Nobel laureates are telling us. That is what over 500 economists are telling us. That is what the Committee for Economic Development, made up of 250 of this country's leading corporations and academics, is telling us. They are saying this is a policy that is unwise. That is what former Secretary of the Treasury Bob Rubin, former head of the Federal Reserve Paul Volcker, and former Republican

Senator Warren Rudman who served on the Budget Committee with great distinction are all warning us about. When you run record budget deficits, you cannot add on top of that record tax cuts and increase spending and wind up with anything more than even deeper deficits and deeper debt. That is especially unwise given the fact the baby boomers are about to retire.

The Washington Post said this morning in an editorial labeled "Tax Cut Trickery: Part II":

The House Ways and Means committee plans to take up a tax plan that makes President Bush's look like a model of budget honesty, fiscal probity, and distributional fairness. The plan concocted by Chairman Bill Thomas junks the president's proposal to end taxes on dividends in favor of a proposal to cut the top rate on both dividends and capital gains to 15 percent. The Thomas plan is more straightforward than the administration's complicated proposal but has not much else to recommend it. First, it is tilted even more heavily to the very wealthy. An analysis by the Urban Institute-Brookings Tax Policy Center shows that households with annual incomes of more than \$1 million would see their taxes drop an average of \$42,800 under the Thomas capital gains-dividend cut, compared with \$26,800 under the Bush dividend plan. Taking the two plans as a whole, those households would receive an average tax cut in 2003 of \$105,600 under the Thomas plan and \$89,500 under the Bush plan.

Let me repeat that. The Washington Post is reporting that under the Thomas plan, the chairman of the House Ways and Means Committee, taxes on those earnings over \$1 million a year would be cut by over \$100,000 for 2003 alone. Taxes under the President's plan for people earning over \$1 million would be cut by almost \$90,000. This is at a time when we are in record budget deficits, at a time we are on the eve of the retirement of the baby boom generation that will double the number of people eligible for Social Security and Medicare. This is going to dramatically increase the cost to the Federal Government. This is disconnect from reality.

I yield the floor.

The PRESIDING OFFICER. Morning business is closed.

ENERGY POLICY ACT OF 2003

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 14, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 14) to enhance the energy security of the United States, and for other purposes.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, parliamentary inquiry: What is the subject matter before the Senate?

The PRESIDING OFFICER. The bill S. 14 is the pending business.

Mr. DOMENICI. Mr. President, S. 14 is the comprehensive energy bill produced by the Energy and Natural Resources Committee. It is accompanied by a report as contemplated by the rules of the Senate.

For those who are interested in the bill, there is a report and it will be available tomorrow. The 1-day delay is because of printing problems. Under the rule, there would be no amendments that can be offered today, in any event. It will be a day for discussion. Those who are looking toward the text in terms of what they might want to do to the bill and for the bill, the report will be in their hands before amendments are allowed.

I will start with some opening remarks and then yield to my friend, Senator BINGAMAN, for remarks on his side, and any other Senators on either side who desire to comment.

I might ask again a parliamentary inquiry: How much time has been set aside for this bill today pursuant to previous order?

The PRESIDING OFFICER. There is no time limit.

Mr. DOMENICI. Mr. President, our citizens need to know that they can, with some reasonable level of assurance, budget what their annual heating and cooling costs will be. This is not an area in which we can have much tolerance for those who propound politically correct policies.

Let me be blunt. I am a strong supporter of solar and renewable energy, and as chairman of the Appropriations Subcommittee on Energy and Water Development, which appropriates the money for the research and development in those areas, I have supported millions, indeed billions, of dollars for research to develop less expensive solar and renewable energy technologies. However, they only represent a niche market, and they are not capable of providing a baseload power to our cities, our hospitals, and our factories.

The bill before the Senate today is comprehensive. It encourages the conservation of energy through efficiency programs. But it also takes steps to ensure reliable and cleaner production of electricity from coal, and provides adequate—in fact extremely significant—research and development programs to make coal burning cleaner; it ensures nuclear power and gas, and decreases our reliance on imported energy sources by increasing production of energy here at home.

The bill, in my opinion, is pragmatic. I am a strong supporter of opening ANWR. I believe oil and gas can be produced from ANWR with a minimal impact on the environment and a substantial positive impact on the U.S. energy security and ultimately on prices since it would cause a very substantial amount of new oil to be put into the

pool from which the world purchases its oil.

Those who say we should do without ANWR production, in my humble opinion, are cavalier about our energy needs. ANWR holds estimated reserves equal to three times as much oil as in the entire State of Texas, and I know of no one who proposes we close all the production in Texas on behalf of the environment, nor do I know anyone who thinks the production of oil in Texas is insignificant to the energy needs of America.

The impact on our economy is too easy to predict, but somehow they get away with arguing against ANWR—and they have in this body to date. However, I have not included ANWR in this bill, even though I understand there were votes to do so on the Energy Committee the committee I chair, because I know the 60 votes are not here on the floor to break a filibuster. I think that is a shame. But I also am not about to sacrifice a broader energy policy over that single, though important, issue.

In this committee, we have deferred to the floor in debate over climate change. I know the debate is coming. I saw no reason for consuming the time of the committee on a matter sure to be considered on the floor and a matter which is technically not within the jurisdiction of the Committee on Energy and Natural Resources which produced this bill.

Recognizing that we agreed to defer some controversial issues to the floor, it is important that the Senate recognize the bill before it is the product of several years of work by the Energy Committee. It is very much, in that context, a bipartisan measure.

Earlier this year, I instructed the staff of the committee to circulate a staff draft of legislation that would incorporate the provisions and ideas that had been considered by the Senate and the conference held last year on H.R. 4. We then worked with our minority and all members of the committee to refine that text. Members on both sides of the aisle had constructive comments and recommendations. While we could not always agree, I do not think there is any Member of the body who can say that I and the committee staff were not open to suggestions or willing to work to clear potential amendments that might have been appropriate for this committee.

The end result of the process I have just described was a series of chairman's marks on the various titles of the legislation before us. While the media only comments on the matters where we could not reach agreement, I think it is accurate to say that every member of the committee had provisions that are very important to them included in the chairman's mark and cleared on a bipartisan basis. An enormous amount of work and careful perfecting of language was done on a bipartisan basis before the chairman's mark was circulated.

I also think my colleagues will agree that we followed an open process.

While we moved things along at a rapid pace, I insisted that the chairman's mark of each title be circulated at least 48 hours in advance. That was followed, to the best of my knowledge, uniformly.

The most contentious issue clearly was electricity, and in that case I circulated a chairman's mark a full week in advance. Achieving a consensus on that title proved more than elusive. In the end, Republican members of the committee reached an agreement on an electricity title that is included in the legislation before the Senate. I sincerely hope this important legislation does not become wrapped up in partisan delaying tactics.

I know there has been speculation in the media that some want to deny President Bush his energy bill. This is not President Bush's energy bill. This is not PETE DOMENICI's energy bill. At the moment, what you have before you is a recommendation of your Committee on Energy and Natural Resources, and I am proud to bring it before you. Yes, many of the provisions and suggestions come from the President's task force, which took many days and many weeks to put together their recommendations. Yes, many of the suggestions come from past energy bills put together by this committee when it was controlled by the other side of the aisle.

This bill contains numerous provisions that had bipartisan support. Many were initiatives offered by my colleagues on the other side of the aisle that I was happy to support. Senator AKAKA, for example, made major contributions to the hydrogen title, as did Senator DORGAN and others. While the President has provided important support for the hydrogen section, for which I congratulate him, I want to make it clear that the Senate has before it a comprehensive hydrogen title crafted over many weeks on a bipartisan basis by your committee.

The same can be said for all of the titles. Not one title is the same as the original staff discussion draft. In every case, I included amendments in the chairman's mark that were suggested by my colleagues, both Democrat and Republican. The extent of that bipartisan consensus was not evident in our business meetings where attention obviously was on provisions where we could not come together. But, in fact, this legislation is bipartisan in its substance. I expect to fully support other amendments here in the Chamber that will have bipartisan support, such as a carbon sequestration provision that Senators WYDEN and CRAIG have been working on for a long time.

Let me summarize the 12 titles of this bill.

The oil and gas title: This permanently reauthorizes the Strategic Petroleum Reserve and provides production incentives for marginal wells so that those sources will continue to be produced. It provides royalty relief for production in extremely deep waters of

the Gulf of Mexico and for natural gas production in those areas of the gulf that are beyond 15,000 feet deep.

It creates a pilot program in five regional Bureau of Land Management offices to coordinate all the Federal permitting necessary to produce oil or gas on Federal lands.

It authorizes the construction of the Alaskan natural gas pipeline. This will bring gas to the United States in large quantities—not next week or next month, but without this provision it may never come to this part of the United States from Alaska. With the provisions in this bill, which essentially are indemnification provisions for those who will construct this pipeline, which is extremely fragile—fragile both in construction nature and fragile as to financing, we have provided underpinning for it to become a reality.

The coal title is a major part of this bill because coal is a major resource of the United States as we look to our future with reference to energy. The coal title authorizes approximately \$2 billion for clean coal technology. The program is a major one. It is not the result of any one Senator's thinking. A number of Senators on the committee and a number of Senators not on the committee with general interest in the subject of coal and coal development are interested in this section. My thanks go out to all of them.

There isn't any separate section on Indian energy. The Indian people of the United States are the proprietors of large amounts of property. On this property and in this property lie various assets and resources. This section authorizes the Indian tribes of this country to enter into agreements with the Secretary of the Interior to develop their energy resources. Once agreements between the Indian people and the Secretary of the Interior are entered into, the tribe can then enter into leases or production on their tribal lands with the same rights as if they were private landowners. This last section of the Indian lands title will be the subject matter of significant debate, and I welcome and look forward to that debate.

In the end, however, the purpose of this bill will be to say to our Indian people, if you want to develop resources in the field of energy that lie within your lands, we are giving you the authority to do so and hopefully in a streamlined manner so that it will not be forever bogged down in the red tape and bureaucracy of Indian lands being subject to the Federal Government's fiduciary relationships.

There is a title on nuclear energy. We call it the nuclear energy title. This permanently reauthorizes the Price-Anderson law of the land. Price-Anderson has taken on a name and a meaning all of its own. It stands for the proposition that a law adopted by Representative Price and Senator Anderson which makes it possible for nuclear power to exist will remain the law of the land indefinitely.

Second, we authorize funds for an advanced fuel cycle initiative to develop ways to reduce the volume and the toxicity of spent nuclear fuel. It authorizes the Secretary of Energy, subject to appropriations, to enter into loan guarantees to assist in the construction of 8,400 megawatts of new nuclear power if the Secretary determines that the plants are necessary for energy diversity, security, or clean air attainment.

Last, it directs that an advanced reactor will be built in Idaho to demonstrate new safety, efficiency, and proliferation resistance to produce hydrogen and prove to the world that a new generation of nuclear powerplants substantially different—if not completely different—from the plants we have today can be built.

This entire nuclear section is of great concern for some. For others, it is an exciting challenge for a new future for the United States and the world, and indeed for more energy for more people with less air pollution.

The next title is called renewable energy. This mandates that the Federal Government purchase 7½ percent of its energy requirements from renewable resources by 2011, thus saying that the U.S. Government has a weighted portion—that 7½ percent of the energy that it needs will be from renewable resource acquisition. It will become the market, so to speak, the driving force for the purchase of renewable energy.

Under renewable energy, a second provision will authorize renewable energy production incentives. These will be discussed in more detail, and obviously from this Senator's standpoint they are exciting and necessary. Perhaps for others, they are insufficient and unnecessary. We will see which view prevails.

We streamline the licensing of hydroelectric facilities. This issue is long overdue. Hydroelectric facilities clearly must be relicensed. It is contended that currently the process is far too difficult, cumbersome, onerous, and in many respects unnecessary. We have streamlined it. That will be debated, and one way or another we will streamline the processes for hydroelectric facility licensing.

We encourage the exploration and development of geothermal resources, and we provide grants for turning forest materials from the areas of high-risk fire or disease into biomass energy—something that is long overdue and something that may, indeed, accomplish at least two goals at one time. It may, indeed, produce energy which will be clean, and at the same time it may clean up our forests, which many of us from the West have been anxiously wondering and waiting patiently to see happen.

In addition, there is an energy efficiency title in this bill. It requires a 20-percent improvement in the Federal Government's efficiency over the next 10 years. It authorizes grants for energy efficiency projects in low-income and rural areas. It sets several new

standards for items such as transformers, compact fluorescent lamps, ceiling fans, and commercial refrigerators and freezers.

The transportation title is another section of this bill which stands out. It encourages the use of alternative fuel vehicles, and it requires Federal agencies to increase the fuel efficiency of their fleets by 3 miles per gallon by 2005. It improves the efficiency of locomotives and expands the authority of the National Highway Transportation Safety Administration to set fuel economy standards for cars and light trucks, taking into account passenger safety and the impact on U.S. employment.

Incidentally, that provision is similar to a provision adopted in the Senate last year by a bipartisan vote of two Senators who said that is the way they want it, to direct further modification of CAFE standards for the United States.

We then have a new and exciting title, driven, to some extent, by a rather late pronouncement of our President regarding hydrogen and the American automobile engine. This hydrogen title authorizes \$1.8 billion for the President's hydrogen fuel cell initiative to develop clean, renewable hydrogen cars.

It reauthorizes and increases funding for existing hydrogen research programs. It amends the Energy Policy Act of 1992 to require agencies to purchase 5 percent of new vehicles as hydrogen-powered vehicles in 2005 and 2007, increasing to 20 percent in subsequent years.

The research and development title addresses research and development needs to energy efficiency, distributed energy and electric energy systems, renewable energy, nuclear energy, fossil energy, science and energy and environment and management.

There is funding for research in many areas, such as nanotechnology, high-temperature superconductivity, and Genomes to Life.

A new Under Secretary position for energy and science is provided. Two new Assistant Secretary positions—one for science and one for nuclear energy—are provided.

The personnel and training title contains a number of programs to ensure that we have an adequate energy workforce in the decades to come.

Then we have, last but not least, a very difficult title, the electricity title. This title remands proposed rule-making on Standard Marketing Design, SMD, and prohibits FERC from issuing a final order until July 1, 2005.

Second, it provides a sense of the Congress that membership in regional transmission organizations is voluntary. It amends the Federal Power Act to protect access to transmission lines, repeals PURPA's mandatory purchase requirement, repeals the Public Utility Holding Company Act, makes the electricity market more transparent and resistant to manipulation,

and increases the penalty for violations of the Federal Power Act and the Natural Gas Act.

Mr. President, I understand there is an agreement that no amendments will be offered until Thursday. On Thursday, I expect an ethanol amendment to be offered, and I understand there are discussions underway as to who will offer that amendment and when.

For my part, I support the agreement reached last year on ethanol that was reported out of the Environment and Public Works Committee last month. The reason I raise this subject is, this is another provision that is really not within the jurisdiction of this committee, as are three or four others that will become contentious and will be very deliberate and take much time. But there is no question, we cannot leave the floor without the subject matter of ethanol being considered, debated, and voted upon. That is why I have just stated what I believe the protocol will be.

Again, for my part, I do not do this in an effort to usurp the jurisdiction of the Public Works Committee but to face up to the reality and to urge that they consider this and offer to work with them in an effort to get what they have passed incorporated in this bill or at least put before the Senate as their effort with an opportunity for it to be passed and then, if necessary, amended.

I know there are some who oppose that proposal, and there will be amendments offered. Clearly, if history is revealing, there will be such occurring once that amendment is before the Senate.

I look forward to the debate and encourage my colleagues who support the ethanol proposal to offer their amendments as early as possible on Thursday.

My staff and Senator BINGAMAN's staff is on the floor and available, as I gather, now to begin the process of reviewing and clearing amendments where possible. I hope Members will take advantage of that and bring their amendments to the floor as soon as possible.

The leader has indicated he will give us sufficient time, with some intervening work obviously, to complete this bill as soon as the Senate deems practicable.

I yield the floor for my colleague, Senator BINGAMAN.

The PRESIDING OFFICER (Mr. ENZI). The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I thank my colleague for his statement and for yielding the floor.

Mr. President, today we are beginning a second attempt on the Senate floor—in the last Congress and this Congress—to craft a comprehensive national energy policy. Last year, as colleagues will remember, we passed an energy bill with an 81-to-11 vote. It was bipartisan. It was, in my view, a balanced approach to energy supply, energy efficiency, and many other important issues centrally related to energy, such as climate change.

This year, I first begin by congratulating Senator DOMENICI on the process he has followed and his success in getting an energy bill to the floor. We have had disagreements, and continue to have disagreements, on particular issues dealt with in the bill, but I appreciate very much the courtesy he has afforded to me and to my staff in the process he has followed in developing the bill.

In spite of the process that has been followed, I fear we are beginning with a bill that does not, at this point at least, command the same broad level of support perhaps that we were able to finally arrive at last year.

I voted against the bill as it came out of committee because I did not think it was a sufficiently balanced and comprehensive package. I hope by the time we are finished with floor consideration of the bill, the reservations that I and nearly every other Democratic member of the committee had can be addressed and that we can support the final product.

There can be no doubt that America needs a comprehensive and balanced energy policy for the 21st century. President Bush, when he ran for office in 2000, spoke of the need for such a comprehensive energy policy. Within 3 weeks of taking office in 2001, he had commissioned Vice President CHENEY to lead a task force to develop and improve national energy policy.

The President was right in stating the need for such a policy. During the 1990s, energy prices had remained relatively stable due to at least three factors.

First, there was increased productivity which we benefited from substantially in the 1990s. Second, there was lower energy use per dollar of gross domestic product. Third, there was the introduction of market competition in sectors such as electricity.

All of these factors acted to hold down prices in spite of the very robust economic growth and increased demand for energy we saw in the 1990s.

Before the introduction of competition into energy markets in the 1980s and 1990s, we had national policies that required large excess capacity margins. Consumers paid a great deal for this excess capacity, but they also benefited from the buffer that capacity provided. It kept the system functioning as markets restructured. As the economic growth of the past decade has used up that excess capacity in the fuels and the power and the natural gas sectors, the frictions and imperfections in those markets became more apparent.

One obvious illustration of that development was the California electricity crisis. When electricity was in plentiful supply in the West, the flaws in the design of the California electricity system—specifically the discouragement of long-term contracts and the near total reliance on the spot market to set electricity prices—were not so apparent. But when electricity suddenly became more scarce in 2000,

due to unusually dry weather and increased demand in other Western States, those market flaws came to the fore. The result was very high prices for electricity and extraordinary financial stress on both California's regulated utilities and their consumers.

These market flaws were exacerbated by the unscrupulous behavior of a number of energy marketers and the inadequate initial responses by regulators. Even so, we should not lose sight of the overall lesson to be derived from that California electricity crisis. That is, the loss of our energy infrastructure cushion means future events will more easily highlight whatever energy market or regulatory flaws do exist. That makes it more important than ever for us to have a comprehensive national energy policy that proactively deals with market flaws before they result in a crisis.

In the energy policy plan issued by President Bush in May of 2001, his administration laid out a series of goals and objectives that generally made sense in terms of a proactive energy policy. Some of the themes he had were very similar to conclusions reached by a number of individual States that have formulated and adopted their own energy policies over the past several years. The President's proposal, though, came to Congress in a very generic fashion, without any legislative specifics. At no time during the last Congress or during this Congress so far have we ever received an actual legislative proposal on energy from the administration.

The task of taking the President's general statements and fashioning them into specifics has fallen to both the House of Representatives and the Senate. Of course, the two bodies of the Congress have interpreted those general principles in some very different ways. That proved to be a decisive factor in our inability to come to closure on energy legislation last Congress.

The approach I pursued in crafting an energy bill in the last Congress, and which was supported in the end by a substantial majority of Senators, was based on a number of basic principles. I believe these basic principles are crucial to any energy legislation we might consider, and the bill now before us deals with those principles only in part. Let me elaborate what those are.

First, and perhaps most important, we need an energy policy and an energy bill that strike a balance between measures to increase energy supplies and measures to encourage additional energy efficiency. To say we only need to increase energy production or we only need to increase conservation is to propose a fairly false choice. The reality is the country needs both kinds of measures.

On the supply side, perhaps one of the most important national goals is to meet our ever-growing demand for natural gas. Natural gas is the fuel of choice for most electric generation that is now being planned. It will play

an important role in any new distributed generation that is planned in the future. It is favored by alternative fueled vehicle programs in both the Government and in the private sector. It is the most likely feedstock to produce hydrogen when and if we come to use hydrogen as a major fuel source. And apart from its energy uses, natural gas is also a critical feedstock in the petrochemical industry and in the fertilizer industry.

Because natural gas consumption is outstripping the amounts produced in the lower 48 States, we are in the early stages, as a Nation, of developing a national dependence on imported natural gas, particularly liquefied natural gas from countries with unstable politics. So just as we have for several decades now become more and more dependent upon imported oil to meet our energy needs, we now face the prospect of perhaps a growing dependence on imported natural gas as well.

At the same time this dependence on imported natural gas is growing, we have at least 33 trillion cubic feet of natural gas that is stranded on the North Slope of Alaska at Prudhoe Bay. That gas has been produced, along with the oil we are now producing from that location. But the gas is currently being pumped back into the ground because there is no way to transport it to the lower 48 States where it is needed. We need to provide effective incentives to the private sector to build a pipeline that can bring this gas to the lower 48 States. Such a project would be a boon not only to our national energy security but also to our domestic steel and construction industries.

On this topic, the bill now before us does a fairly good job. It has retained from last year's bill many of the regulatory streamlining measures on which I worked with Senator Frank Murkowski and that were included in last year's bill. There is a critical part of the problem we have not yet solved. That is to provide effective fiscal incentives for the pipeline to accompany what is now in the bill on the regulatory side. I hope we can add those effective fiscal incentives as we consider this bill in the Senate.

Along with providing more robust domestic supplies of natural gas, we obviously need to look for ways to diversify our energy generation away from such a strong reliance on gas in the coming years. Here I fear we have been less successful in the bill.

One important arena in which we can diversify our energy generation away from overreliance on gas is in electricity generation. Part of what must be done is to find new technology for existing sources of electricity supply. This means research and development on ultra clean ways to burn coal and research and development on new generation from safe nuclear powerplants. This bill, similar to last year's bill, does have very strong R&D programs on both topics, and Chairman DOMENICI deserves credit for those provisions.

Another key piece of the solution would be to tap into opportunities for distributed generation such as combined heat and power at industrial facilities. Here the bill begins to fall short, as it does not really address the barriers that have been erected to uniform interconnection of distributed generation to the grid.

It is not enough to have the technology. We need to rid ourselves of the redtape that is keeping this technology from being used, and this bill does not do that.

Along with these steps, though, we need to make a greater push to introduce renewable energy technologies for electricity generation. Some of these technologies—wind power in particular—are already cost competitive. But in order to see widespread exploitation of these opportunities, both financial and regulatory incentives will be needed. That means both a meaningful production tax credit for renewable energy, which I hope will be added as part of the package of tax provisions coming out of the Finance Committee, and also a flexible renewable portfolio standard for electric utilities. Both measures are essential, in my view, in order to give enough certainty to the fledgling market to allow economies of scale to drive down costs and improve the manufacturing capacity for renewable energy equipment in the United States.

The lack of an effective renewable portfolio as this bill comes to the floor is a major flaw. There are those who may argue that we should leave everything to the hypothetical free market. My problem with that is that electricity markets are not free markets, and renewable energy will not get a fair shake unless there is some pressure from us for that to happen. If the Senate does nothing in this bill to push forward on increasing the use of renewables in our electric system, then we will be making a choice in favor of the existing trends toward an overreliance on natural gas for future electricity generation. That choice will leave our citizens with future natural gas and electricity bills that are more volatile, resulting in more frequent price spikes.

Renewable energy technologies can help with another energy supply issue that we face, and that relates to transportation fuels. We already use renewable fuels, such as ethanol, to some extent as oxygenates in the winter formula for gasoline. But ethanol can make a greater contribution than this. A phased introduction of up to 5 billion gallons per year into our gasoline supply by 2012 is not, in my view, unreasonable. What we need to do, though, as we attempt such a transition, is to ensure that we do not wind up with a highly balkanized and inflexible system of fuel specifications around the country.

We already have a problem with so-called boutique fuel specifications in several parts of the country. These mandates for boutique fuels cause local

price spikes to consumers when the specific formula for a specific area suddenly is in short supply. That can easily happen, for example, due to unexpected demand or shutdown problems at a refinery or at a pipeline.

Our national energy policy should be to use the transition to greater use of renewable fuels as a means of making sure we have a more rational national fuels system. This issue was not dealt with during the consideration of the bill in the Energy Committee and, as the chairman has indicated, we expect to be dealing with that on the floor perhaps as early as this week.

Even with the greater use of renewable fuels in cars, we will still be very dependent upon oil in the transportation sector. It is in our national interest to support the domestic production of oil. Many of our oil resources are not as economical to produce as those in the Middle East and elsewhere. This is largely because the U.S. has been producing oil longer than other places around the world. We have exhausted the easiest geologic formations.

When oil prices fall, our domestic producers lose their shirts faster than do their overseas competitors. Accordingly, our producers, in many cases, are forced to stop production. When prices start back up, though, their wells are not able to be restarted as easily as foreign wells.

An important policy to put in place, at both the Federal and State levels, would be to reduce taxes on oil production during times of low world prices, and restore those taxes when prices rebound. That sort of a countercyclical measure would help us to retain a significant amount of our domestic production that otherwise would be at risk.

In the Finance Committee, such incentives are part of the bipartisan package of tax provisions that we adopted which I expect will be added to this bill later in the Senate's consideration of the overall bill.

We also need to look to increase oil production in areas where it is generally agreed to move ahead. There are places, such as the Alaska National Wildlife Refuge, that are seen as having special environmental values that make oil production very controversial. Last year and this year, a solid bipartisan majority voted against opening the Arctic Refuge to oil development. I hope we do not spend a great deal of time on the Senate floor debating and reopening this issue. We spent a tremendous amount of time on it in the bill last year.

The proposal to open the Arctic Refuge is a dead end precisely because there are many areas with significant amounts of oil and gas that are not considered environmentally exceptional. We need to look to those areas.

For example, Alaska is also home to a Federal Reserve called the National Petroleum Reserve Alaska, NPRA. No less an environmentalist than Bruce

Babbitt, a former Secretary of the Interior, strongly pushed for leasing of the NPRA for oil production when he was the Secretary of the Interior. He found strong industry interest, and there have been significant finds in that region. We should continue to support further leasing of NPRA as part of our national energy policy.

As another example, energy resources on Indian land in the U.S. have not been as extensively developed as they might be. According to the Bureau of Indian Affairs, over 90 Indian reservations have significant untapped energy resource potential. That includes oil and gas, coal, coalbed methane, wind, and geothermal resources. In last year's energy bill, I worked to see that we assisted these tribes in developing those resources.

Early this year I reintroduced many of those same provisions in a new bill, parts of which are incorporated into the bill that is now on the Senate floor. Unfortunately, in my view, the provisions have been marred by a proposal to make energy leasing on Indian lands both exempt from environmental analysis under NEPA, and exempt from the normal trust protections afforded Indian tribes. I fear this is a substantial flaw that needs to be addressed if the bill is to keep its balance among energy, environment, and the public interest.

Even with strong efforts to support domestic oil production, we are in a losing race with rising domestic oil consumption. We have gone from less than 25-percent dependence upon foreign oil at the time of the Arab oil embargo to over 50 percent today, with projections of well over 60-percent dependence a decade from now.

That brings us to the other important part of a national energy policy, and that is energy efficiency. If we are serious about reducing our dependence upon foreign oil, we have to address our ever-increasing national consumption of oil in the transportation sector. Greater vehicle fuel efficiency is clearly in the national interest.

According to a study Congress commissioned from the National Academy of Sciences, we now have the technology to realize significant gains in fuel efficiency without sacrificing either safety or passenger comfort. All we lack is the national will to make this a priority. That will was not on display in the last Congress when the Senate and House took only minimal steps to set higher standards for fuel efficiency. Similarly, it has not been on display in the bill that has now come before us. In fact, this bill contains a provision that will increase gasoline demand over current law by 11 billion gallons by 2020. I don't know how we can justify passing a bill that takes us in the wrong direction relative to what our national energy security requires.

Greater fuel efficiency is an answer to another energy problem that is

brewing. We are pretty close to the capacity limits of our present system of refineries and gasoline pipelines.

Refineries and pipelines are notoriously hard to site. We have not built a new petroleum refinery in this country in decades, and there are real limits to how much further we can add to the existing refineries. Unless we want to greatly add to the siting pressures we already have related to energy infrastructure, or unless we want to start importing much more refined gasoline than we now import, we need to push for more efficient use of the gasoline we already consume.

Energy efficiency is also a key element in maintaining a reliable and affordable system of electricity generation and transmission. New electricity infrastructure is also very difficult to site. President Bush's call for Federal eminent domain authority for new electricity transmission has not found many supporters in Congress.

We can reduce the pressure on our electric power grid and natural gas infrastructure by taking commonsense steps to improve the efficiency of end use of energy in buildings and appliances, and industry. Energy-efficient lighting, energy-efficient appliances, and energy-efficient buildings also generate benefits in terms of emission reductions and human health improvements, making them even more attractive as part of a comprehensive energy policy.

One of the unheralded success stories of last year's energy bill was a set of new standards and programs for energy efficiency that was developed cooperatively with the affected industries. These provisions survived intact. They have been expanded somewhat in this bill, and they have been reported as part of the bill now before us.

Last year's energy bill also reauthorized important Federal grant programs that helped low-income families pay their energy bills and reduce their energy costs, including LIHEAP, the Low-Income Home Energy Assistance Program, and State weatherization grants. Those programs continue to be a high priority in any new energy legislation. I hope we can add an effective measure along these lines early in our deliberations on this bill.

Our national commitment to increasing energy supply and increasing energy efficiency must involve a long-term commitment to the development of new energy technologies. Last year's energy bill established a framework for a comprehensive research and development program that would have addressed a variety of challenges on both the supply and demand sides of the energy equation. A robust commitment to a coordinated, comprehensive research and development program is essential if we are to meet the challenges that lie before us.

One of the biggest disappointments of the Bush administration to date is its lack of attention to the importance of science and technology in general and

of energy research and development in particular. With the exception of the President's recent enthusiasm for hydrogen and fuel cells, an enthusiasm on which I certainly compliment him, the Bush administration has consistently proposed underfunding Department of Energy energy technology programs relative to their importance to our national security.

Federal energy technology R&D today is equivalent, in constant dollars, to what it was in 1966. Yet our economy is three times larger today than it was in 1966. It is hard to see how we can build a 21st century energy system on 1960s level-of-effort research and development budgets.

Fortunately, Congress has seen things somewhat differently than the administration. Last year and this year, energy bills in both the House and the Senate have attempted to rebuild energy R&D budgets in a rational way to levels that, by 2007 or 2008, would give us a robust energy R&D effort to support our national energy policy.

A final imperative for national energy policy and legislation has been to recognize the ways in which energy use and energy policy are intertwined with the topic of climate change.

Climate change is so closely related to energy policy because the two most prominent greenhouse gases—that is, carbon dioxide and methane—are largely released due to energy production and use. In the United States, 98 percent of the CO₂ emissions are energy related. Every study of how to mitigate the possibility of global change, climate change comes up with a list of policy measures that relies heavily on increased energy efficiency and new energy production technologies with lower greenhouse gas emissions.

Because of this intimate connection between energy and climate change, much of energy policy and much of climate change policy have to be discussed together. To do one, by implication, is to do the other; to ignore one while doing the other is to risk unfortunate and unintended consequences.

For this reason, last year the Senate was able to pass a bill with numerous provisions to ensure we integrate climate change strategy with energy policy, that we develop better climate change science, that we focus on breakthrough technologies with better environmental performance, and that the United States take the lead in exporting the clean energy technologies we develop.

These provisions were not pounded by fringe elements in the Senate. The bulk of them came from a bill that was introduced by Senator BYRD of West Virginia and Senator STEVENS of Alaska. That bill was reported unanimously by the Senate Governmental Affairs Committee. Unfortunately, these provisions were resisted by the administration and were opposed by the Republican leadership in the House, which did not propose to ad-

dress climate change in any way in the House energy bill. These provisions were also opposed in the Energy Committee by certain of the Senators. I regret that their views carried the day and that we were not able to move ahead at that time. But the opportunity still is ahead of us. I think leaving climate change out of an energy bill by the time we complete action on an energy bill would be a very short-sighted approach, both in terms of energy policy and in terms of our overall relations with others in the world.

Climate change proposals that I plan to propose and advance on the Senate floor will focus on programs which will protect the environment while being highly beneficial to U.S. industry. We need to make sure that our energy choices do not lead to inefficient or wasted energy investments that have to be written off prematurely because we did not consider their climate consequences. Industry needs to have certainty about rules of the road linking energy and climate.

In terms of our long-term economic prosperity, there are jobs to be created, worldwide markets to be captured in climate-friendly energy technologies of the future. So far, the energy bill we are considering does not measure up in this regard. I believe many in this body will share my view that addressing global warming is a major element required for any balanced energy policy.

Before I close, let me discuss what the chairman referred to as the most difficult and contentious issue we tried to deal with and have dealt with as we have worked on this bill; that is, the problem of how to regulate electricity markets in the future.

Our system for generating and transmitting electricity has been undergoing a profound transformation over the last decade as electricity markets become increasingly regional. That increases the degree to which consumers are affected by interstate commerce in electricity and, thereby, by factors that may be beyond the effective reach of State regulatory utility commissions.

During the California electricity crisis, we saw how decisions made in or for California affected consumers across the entire West. Well-functioning and well-regulated markets are in everyone's interests, although the way to get there was a matter of intense debate during consideration of the energy bill and is being strongly debated now in the context of FERC's so-called standard market design rule-making, or SMD.

During last year's energy bill, I favored attempts to update the statutes governing electricity markets, including the repeal of the Public Utility Holding Company Act, PUHCA. I did so only if those provisions were accompanied by provisions to ensure that any resulting mergers or acquisitions would be overseen to be sure they were in the public interest and that the ability of State public utility commissions

to protect consumers against cross-subsidization and other abuses would be ensured.

There were others in the debate who wanted to remove all fetters from the merger and acquisition process, particularly any oversight that might be exercised by FERC or State commissions. That latter view of untrammelled mergers is what is now in the bill before us. I think that is a bad deal for consumers in the future, and I hope we can address that as we consider the bill on the Senate floor.

The bill also overreaches, in my view, in its response to the Standard Market Design rulemaking. There are a lot of important issues that need to be examined carefully before that rulemaking moves forward, and like many of my colleagues in the Senate, I am carefully examining the extent to which FERC is responding to the many comments and criticisms leveled at its proposed rule.

But amid the furor over SMD, I think it is important not to be distracted from the big picture of whether consumers are going to be adequately protected in the electricity markets of the future. How the grid is operated, how new transmission is paid for and by whom, how we will ensure that there is a reasonable mix of short-term spot markets and long-term contracts; all these factors require careful consideration and regulatory clarity, if consumers are to be protected and if utilities and other entities are to make sound decisions that can be sustained over the long term.

It is unfortunate, in my view, that the electricity provision in the bill we considered and adopted in the committee had not been adequately reviewed by all Senators. I do not think that was a good way of proceeding on a topic as important, controversial, and complex as this one. As a result, the electricity title contains numerous flaws that I think will result in increased divisions in the Senate, instead of pointing the way toward bringing us together.

Energy does not need to be a partisan issue. As was demonstrated by the strong bipartisan vote we had on the Senate energy bill in the last Congress, it is clear that Democrats and Republicans can agree on the broad aspects of an energy policy and move ahead.

I do not believe we have reached that point of bipartisan agreement yet in this bill. We will have an opportunity to do better now that the bill is on the floor. I look forward to the amendment process to see if some of the flaws in this bill can be remedied. I hope that the result will be a strong and balanced package for the Nation that I and other Members of my caucus can support.

There will be many other opportunities for us to talk about particular provisions of the bill as amendments are proposed, but for an opening statement I will stop with that.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank my distinguished colleague for his remarks and do hope some of the matters he has raised wherein we disagree can be worked out. As to others, we will remain in a state of disagreement and hopefully the Senate will be the referee and we will see where we end up.

MORNING BUSINESS

Mr. DOMENICI. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate proceed to a period for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDING JOHN W. KLUGE FOR HIS DEDICATION TO THE LIBRARY OF CONGRESS

Mr. DOMENICI. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate proceed to immediate consideration of S. Res. 132, which was submitted earlier today by Senator STEVENS.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 132) commending John W. Kluge for his dedication and commitment to the Library of Congress.

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOMENICI. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to this matter be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 132) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 132

Whereas John W. Kluge is the greatest individual benefactor in the history of the Library of Congress (the "Library") and is known in the international corporate community as one of the Library's staunchest supporters;

Whereas John W. Kluge, by the example of his wise counsel and leadership as the founding chairman of the James Madison Council, the Library's private sector philanthropic organization, has inspired many others to join in support of Library programs and initiatives;

Whereas John W. Kluge has faithfully served on the Library's Trust Fund Board since 1993;

Whereas John W. Kluge's visionary support for Library programs which reach across America and around the world has transformed the Library into an unparalleled electronic educational resource;

Whereas John W. Kluge has established in the Library an endowed scholarly program of chairs and fellows in areas of study not covered by the Nobel prizes;

Whereas John W. Kluge has enabled the American people, through the Library, to recognize lifetime scholarly achievement in

the intellectual arts with a \$1,000,000 prize award which will be given for the first time in November 2003;

Whereas the Librarian of Congress, James H. Billington, considers John W. Kluge "one of the Library's greatest friends";

Whereas all Americans have greatly benefited from the generosity of John W. Kluge; and

Whereas John W. Kluge has inspired Americans by his example of support for programs which educate and equip individuals to be responsible and productive citizens: Now, therefore, be it

Resolved, That the Senate—

(1) commends John W. Kluge for his dedication and commitment to the Library of Congress;

(2) expresses its sincere gratitude and appreciation for his example of philanthropy and public service to the American people; and

(3) directs the Secretary of the Senate to transmit a copy of this resolution to John W. Kluge.

MEASURES PLACED ON THE CALENDAR—H.R. 6 AND H.R. 1298

Mr. DOMENICI. Mr. President, I understand there are two bills at the desk which are due for a second reading.

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I ask that it be in order to read the titles of the bills en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bills by title.

The legislative clerk read as follows:

A bill (H.R. 6) to enhance energy conservation and research and development, to provide for security and diversity in the energy supply for the American people, and for other purposes.

A bill (H.R. 1298) to provide assistance to foreign countries to combat HIV/AIDS, tuberculosis, and malaria, and for other purposes.

Mr. DOMENICI. I would object to further proceedings en bloc.

The PRESIDING OFFICER. The objection is heard. The bills will be placed on the calendar.

ENERGY POLICY ACT OF 2003— Continued

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now resume consideration of S. 14, the energy bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I yield the floor.

Mr. BINGAMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.